Distr.
GENERAL

UNCTAD/LLDC/SYMP.3
15 December 1994

Original: ENGLISH

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Symposium for Land-locked and Transit Developing Countries

THE IMPROVEMENT OF TRANSIT TRANSPORT SYSTEMS IN LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES: BASIC OBSERVATIONS AND RECOMMENDATIONS

Note by the UNCTAD secretariat

GE.94-54864 (E)

CONTENTS

	Paragraphs
Introduction	1
I. ACTION AT THE NATIONAL AND SUBREGIONAL LEVEL	2 - 36
A. Some fundamental observations	2 - 8
B. Sectoral consideration	9 - 36
II. THE ROLE OF EXTERNAL ASSISTANCE	37 - 42

INTRODUCTION

1. In paragraph 12 of its resolution 48/169 of 21 December 1993, the General Assembly invited the Secretary-General of UNCTAD to organize in collaboration with the Administrator of the United Nations Development Programme and the executive heads of the regional economic commissions, a symposium for land-locked and transit developing countries to address specific regional problems in implementing the recommendations of the Meeting of Governmental Experts from the Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions held in New York in 1993. These recommendations are contained in document TD/B/40/(1)/2 - TD/B/LDC/A.1/4, which is available to the Symposium as part of the background information. One of the main basic documents for the Symposium is TD/B/LDC/AC.1/2, which was prepared for the above-mentioned meeting. It highlights the basic transit issues which generally are still pertinent. Other background documents which are before the Symposium include five regional/subregional papers covering Asia, Latin America and the Southern, West-Central and East-Central African subregions. 1/ These papers address essentially the country, subregional and regional transit situations, the actions that have been taken to improve transit systems and the problems being encountered in this regard. A synopsis of the regional and subregional transit transport situation and difficulties has also been prepared and is available as one of the basic documents for the Symposium. 2/ The Symposium has also before it the results of specific studies on transit issues, which were prepared by the UNCTAD secretariat and submitted to the Trade and Development Board at its fortieth session pursuant to paragraph 12 of the above-mentioned resolution. 3/ This note contains a summary of basic observations and recommendations to be considered by the Symposium. They draw on past and ongoing work by UNCTAD, including intergovernmental meetings and symposia which have been addressing transit transport issues, and on the background documents mentioned above.

I. ACTION AT THE NATIONAL AND SUBREGIONAL LEVEL

A. Some fundamental observations

2. The main impetus behind transit initiatives in Africa and Latin America has come from regional organizations such as ECA, ECLAC, SATCC in Southern Africa, ECOWAS, UDEAC, MINCONMAR in West-Central Africa, the Northern Corridor Secretariat and CEPGL in East-Central Africa. 4/ In Africa UNCTAD/UNDP technical cooperation projects have also played an important catalytic role.

3. Both coastal and land-locked countries often adopt protectionist measures which hamper transit transport services at regional level and increase their costs. A competitive market where suppliers of transit services are profit-driven will lead to an improvement in the quality of services. In the same regard, there are clear advantages which could accrue from the use of both rail and road services; therefore, policies which enable road and rail to compete fairly in a commercial way for transit traffic need to be given more serious consideration.

4. In order to improve transit security, alternative routes should be developed and maintained to serve land-locked countries. It needs to be stressed, however, that the choice of possible alternative routes should be

made on the basis of a sound cost-benefit analysis. Once the choice has been made, the distribution of cargo to be moved along the various routes should be based on commercial criteria.

5. As transport infrastructure is expensive to create, mechanisms should be developed to ensure good maintenance. The deterioration of transport infrastructure is a general problem which affects land-locked and coastal countries in Africa, Asia and Latin America. Special attention will, therefore, have to be given to the maintenance of existing facilities and to their effective utilization, and resources should be planned for this purpose.

6. It is, however, not enough to maintain transit transport facilities. With major changes occurring in the organization of international transport at global level, new investments must be made particularly with regard to containerization, since very frequently inefficiencies in transit corridors result in longer transit times, which in turn mean that container turnaround times required by shipping lines cannot be ensured. The installation of efficient handling facilities would make it possible to obtain advance knowledge of transport service availabilities, ensuring smooth and speedy transit.

7. Land-locked and transit countries have taken a number of positive initiatives to coordinate transit transport operations, particularly through the establishment of institutions designed to promote a harmonized approach to resolving transit operational problems (shipper's councils, trade facilitation committees, etc.). These efforts should be fully supported by Governments. The effectiveness of such institutions will be further enhanced by an active involvement of the private sector and the establishment of mechanisms to promote cooperative arrangements between such institutions at the subregional level.

8. Finally, land-locked countries should adopt development strategies that are designed to promote a production and trade structure that is cost-effective as regards transport. Greater support should therefore be given to projects geared towards local production of high-value, low-bulk exports and the import substitution of low-value, high-bulk products.

B. Sectoral considerations

1. Port facilities and services

9. Transport is constantly evolving as new technologies are introduced in the search for more efficient and cost-effective subsystems in the transport chain, for example, containerization and electronic data transfer. Therefore, the ports and the transport corridors of which they are part must constantly adapt their facilities and services to cope with the new technologies.

10. As well as new investments in infrastructure and equipment in the port sector, there is an ongoing requirement to review government objectives and procedures, management structure and responsibility, operating practices and manpower policies, otherwise investment may be wasted.

11. The issue of staffing levels must be addressed and socially acceptable steps taken to reduce the number of port workers as a result of the new

technologies. There is an ongoing requirement for training of staff at all levels in the new procedures and technologies. To improve the level of service, privatization of certain sectors of port activities may merit consideration, depending on local conditions.

12. In parallel with the development of effective customs transit procedures, the establishment of inland clearance depots (ICDs) in the land-locked countries should be promoted in order to facilitate the speedy movement of cargo. Such ICDs would allow the use of block trains.

13. Equipment management is a major concern for ports. Maintenance of equipment is made more difficult by the multiplicity of makes of equipment. In collaboration with donors, steps should be taken to standardize major components such as engines and transmissions to simplify maintenance and reduce the inventory of spare parts required.

14. The procedures for equipment and spare parts procurement need to be reviewed and often the port authority could be allowed to retain some of the foreign exchange earned from port services and given the power to purchase spare parts without central approval.

15. Transit countries should encourage port authorities to seek transit cargoes actively. These efforts should be accompanied by measures to enhance the logistical efficiency of importers and exporters in the land-locked countries, including the provision of storage and handling facilities for transit cargo, improved procedures in ports and lobbying for inland transport services.

16. The management of ports should move towards a more market-oriented policy that seeks to provide flexibility, responsiveness, friendliness and efficiency to its clients. To do this, port authorities should be given greater management authority to effect changes. Often the government control of the port is too heavy.

17. In connection with customs transit procedures, the requirement of a transit traffic bond needs to be reviewed to reduce delay and costs to the users. Other forms of financial guarantee may be more effective for all parties concerned.

2. Road transit facilities and services

18. The harmonization of procedures for road maintenance in transit corridors also calls for full cooperation between land-locked and transit countries. This should include: harmonized road user charges based on the principle that transit traffic, including nationally registered vehicles involved in transit operations, pays for the costs of providing and maintaining the highways used; the allocation of revenue derived from such payments to road maintenance; and the coordinated enforcement of uniform axle-load limits and weighbridges.

19. Governments of land-locked and transit countries should further take measures to harmonize the rules and procedures governing the operation of non-national carriers of transit goods in each other's territory (which currently include permits, licences, and cargo-sharing systems) and the

rationalization of subsidies to national carriers involved in international road transit, in line with regional and subregional policies to liberalize trade and services.

20. Governments should support training programmes to sensitize road hauliers to the relationship between overloading and road deterioration.

3. Rail transit facilities and services

21. The long-term objective should be the creation of a railway network closely coordinated with the trunk road network to avoid wasteful duplication of capacity.

22. Land-locked and transit countries need to give high priority to the maintenance of the rail infrastructure, locomotives and wagons.

23. The recurrent constraints related to sub-optimal wagon turnaround times, inadequacy of locomotive power and rolling stock and poor marshalling facilities should be relieved.

24. There should be a deliberate policy by governments to strengthen or create regional and bilateral rail transit treaties in order to harmonize technical standards and introduce uniform documentation and procedures for the movement of passengers, baggage, cargo, wagons, coaches, and locomotives across national frontiers and in transit across the territory of one or more intervening States. Also required is a framework of agreement on the managerial mechanisms by which this international system should function, and these mechanisms should be market-oriented.

25. Weaknesses in the operational coordination of railways, ports and transit services should be tackled.

4. Inland waterways

26. Land-locked and transit countries should make further efforts to coordinate their activities related to schedules of services, navigational aids, radio communications, inland water transport laws, prevention and control of pollution, safety regulations and the operational interface with road and rail.

5. Air freight

27. Air freighting remains an important alternative to land transit. The facilities for and management of such operations, however, remain very inadequate in most land-locked countries. Increased investment in airport and cargo handling facilities is necessary in order to meet the requirements of modern aircraft; new warehouses are required for storage of transit cargo that requires special facilities because of its particular nature (e.g. perishable or dangerous goods, animals); more effective measures are needed to improve security for transit cargo; and deregulation of air transport should also be given serious consideration.

28. Cooperative ventures and fleet rationalization on a subregional level would eliminate many of the current diseconomies in the air transport industry.

29. Current limitations on air traffic rights should be removed in order to open new air services and promote larger traffic flows on various potential routes.

6. Bilateral, subregional and international transit arrangements and agreements

30. Bilateral and subregional transit arrangements and agreements continue largely to be ineffectively implemented. Further arrangements should be put in place to strengthen the institutional machinery to monitor and enforce the provisions of such agreements and arrangements. At the operational level, executives managing transit transport-related enterprises could have regular consultations to review the day-to-day implementation process, with the participation of users of transit facilities as appropriate.

31. With regard to customs procedures and documentation, the land-locked and transit countries need to harmonize and streamline further, in line with international models of aligned documents. In this respect, countries should revise laws and regulations to allow for the introduction of international instruments to facilitate movements of goods, such as the Kyoto Convention and the Customs Convention on Containers (both administered by the World Customs Organization) and the International Convention on the Harmonization of Frontier Controls of Goods (UN/ECE). These efforts should be supported by administrative arrangements to simplify cargo verification procedures, to minimize cargo escort requirements, reduce or eliminate bond charges and synchronize cross-border operations. Institutional arrangements to ensure effective implementation of agreed procedures and documents should be strengthened.

32. Further, subregional cooperation should be established to agree on temporary admission schemes, common customs declaration forms and standard transit documents.

33. An assessment of the international conventions on transit trade and transport and of the number of ratifications or accessions not only highlights their particular relevance to the transit question but also reveals the disconcerting attitude that is still being taken by many countries which are not contracting parties to them. There is clearly an urgent need for greater political support for such conventions, which establish basic principles for cooperative arrangements between land-locked countries and their transit neighbours. Problems of implementation which result from the particular circumstances of certain regions and subregions can always be tackled by negotiation subsequent to signature or ratification. Increased technical assistance by international agencies should therefore be provided as part of the effort to promote an understanding of the relevance of these conventions. Donor agencies should also use their influence to ensure that the transit-transport programmes they support take into account the safeguards embodied in existing international conventions.

7. Freight forwarding services

34. Land-locked and transit countries should make deliberate efforts to improve the quality of services in the freight forwarding sector. The main focus should be on supporting training programmes that are tailored to upgrading the skills of freight forwarders, for example, by using the TRAINMAR course for freight forwarders. Furthermore, the government agencies should move from active involvement in freight forwarding operations to encouraging the role of the private sector, on condition that basic professional requirements are met.

8. Transit insurance

35. There are a number of possible measures to improve the insurance services for land-locked developing countries. The first of these is the local covering of external trade risks whenever this is possible. Such local cover may enable shippers to obtain protection that is tailor-made to their requirements. The second measure is the implementation of loss prevention programmes in cooperation with insurers in the coastal countries. This can be achieved through sharing the business with them on a co-insurance or reinsurance basis. All these and other approaches require, above all, full and effective cooperation among all insurers handling the traffic to and from the land-locked developing countries.

9. Human resources development

36. Transit transport facilities can be more effectively utilized by improving the managerial capacity and skills of the personnel involved in transit operations. It is therefore necessary to carry out more detailed surveys to identify the specific training needs in each country at the different levels. The training programmes should include the training of instructors and the provision of training materials. Where training requires foreign experts, it would be desirable to team them up with local counterparts so as to ensure a smooth transition to self-reliant manpower development.

II. THE ROLE OF EXTERNAL ASSISTANCE

37. The cost implications of many inter-country transit transport investment projects are often of such a magnitude that the countries involved cannot bear the burden alone. External assistance by donor agencies should therefore continue to serve as a catalyst by supporting programmes that promote cooperative arrangements. Priority should be given to transit transport corridor projects in this regard. The United Nations Transport and Communications Decade programmes in Africa and Asia have been making important contributions in this direction. International assistance commitments to these programmes, however, remain very limited.

38. It is especially important that such assistance be sufficiently flexible to ensure the full realization of its potential contribution. This will require an appropriate mix of financial and technical assistance. Technical assistance will be especially needed in the identification and preparation of projects and, in appropriate cases, in exploring suitable joint projects and transit arrangements with neighbours.

39. In order to break the constraints of absorptive capacity, financing arrangements may also need to be accompanied by technical assistance, both in the construction and operating phase of such projects.

40. Further international assistance should be given to national and subregional institutions that are involved in promoting transit cooperation programmes.

41. International donor institutions should continue to support human resources development programmes to meet corridor-specific requirements (roads, railways, ports, telecommunications and inland waterways).

42. UNCTAD and appropriate financial institutions should continue to offer technical assistance in the various areas mentioned above. There are, however, some areas where consideration should be given to enhancing UNCTAD's role in collaboration with other relevant agencies, particularly the regional economic commissions. Such areas include:

- Accumulating, evaluating and disseminating information on transit matters, and drawing lessons from experience in different regions and subregions with regard to the design and improvement of transit systems;

- Carrying out transit-related studies which help decision makers, particularly with a view to identifying critical bottlenecks which could be removed quickly and at minimum cost, in such areas as the analysis of transit costs and their implications, the role of information systems in improving transit operations, improvement of access to markets for the exports of land-locked developing countries, measures to attract foreign investment, and the identification of successful cooperative arrangements;

- Organizing training programmes tailored to the needs of transit policy-makers, managers and operators;

- Monitoring action by the international community related to the transit needs and problems of land-locked developing countries;

- Formulating measures to be adopted at the national, subregional and international levels to improve the transit systems in the light of changing economic and political environments.

NOTES

1/ See UNCTAD/LDC/91, UNCTAD/LDC/93, UNCTAD/LDC/94 and UNCTAD/LDC/90.

2/ See UNCTAD/LLDC/SYMP/4.

3/ See TD/B/40/(1)/4. For a full list of documents available to the Symposium see UNCTAD/LLDC/SYMP/1: Provisional Agenda and Annotations.

4/ For list of abbreviations, see UNCTAD/LLDC/SYMP/4.

- - - - -